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The ties that blind

By Yitzhak Laor

"From War Profits to Peace Dividends: The Global Political Economy of Israel," by Shimshon Bichler and Jonathan Nitzan, Carmel Publishing House, 504 pages, NIS 96

When president Chaim Herzog died, we at the editorial offices of Ha'aretz looked for a headline for the item that, in a very partial way, summed up his life's work. One of the senior people in the company was passing through the corridor and proposed - perhaps jokingly and perhaps seriously - citing in the headline a phrase from the late president's eulogy of Robert Maxwell. The night editor that evening was unable to formulate a headline of that sort about the deceased president and, in the end, gave the story an unmemorable headline, like the unmemorable president, which once again demonstrates the partial immunity on everything concerning the reporting of the real lives of Israeli politicians. After all, Herzog was a wealthy businessman, and his law firm partner, Yaakov Ne'eman, eventually became justice minister and finance minister. He himself - the president - was married to the daughter of a very wealthy family. He was the brother-in-law of a foreign minister, and his son married the daughter of an even wealthier family with worldwide business interests, and so on and so forth.



David Hacohen (left) and David Ben-Gurion, 1971. Israel's powerful have always dined at the state tables.

For the Israeli public, it is enough that Knesset members announce that they are suspending their membership in their law firms for the whole issue to become silenced. Marriage ties and "personal friendships" between a capitalist system with assets worth billions and the state itself, which is just a broker between financial organizations and bureaucratic organizations, are not part of our consciousness. Is this just a form of decency? Of course not. Or perhaps "I'll guard your back and you'll guard mine"? Unlikely. Something deeper than this is ruling our lives: It could be called a-politicization - that is, the distancing of the political by means of neutralizing the information about the truth as a procedure that could be formulated as a philosophy, but no more than that.

This de-politicization is also manifested in "the social sciences," where the mix of "political science" and "economics" sounds almost like incest. Therefore, our knowledge of economics - knowledge that, in any case, derives from the moguls themselves, who acquire large chunks of the media - depends, on the other side, on academia. And this academia teaches an economics that, within its ideological bounds, holds that there is nothing "outside" of economics, or else there is an "outside" but this means "politics without economics" or "social science without politics," but not an alternative of knowledge. This is exactly the place where the book by Bichler and Nitzan comes in.

The economic order has become a hyper-mystification. The euro celebrations can exemplify this better than anything: Journalists and academics are not asking the simplest questions, that any subject of a democracy would have asked three decades ago: Who controls the currency? What is the point of general elections, if economic policy is determined in a "somewhere" that is untouchable, and all this is done openly, in an established manner, without there being any need to answer questions of principle anymore? What is the nature of a democratic state if the democracy has been emptied of any possibility of change?

In other words: In order to understand the political impotency familiar to anyone who has undergone an oppositionist experience within the realms of democracy - initially, the American left experienced it, and now the European left is becoming acquainted with it - it is necessary to understand the separation that has been imposed on us over many years, the separation that is manifested most clearly in the "social sciences."

A summary and a forecast

In this respect, the book by Bichler and Nitzan is a daring book, and it is not at all surprising that translated versions of it are being printed in Britain [Pluto Press, in May] and South Korea, and international publication is about to take off, as a major portion of the book deals with "the Asian economic miracle." Their description takes in events that we are destined to read about only under that same "divide and rule" system, whereas the authors refuse to knuckle under to that "professionalization."

The description of the global context of the Oslo agreements, and the far-reaching changes that took place during that same decade throughout the world, also entails the great risk taken by the two economists. The summing up of the end of the 20th century as a whole, as far as they are concerned, is also a forecast. According to

their analysis, the "American oil and arms coalition," which dominated events in our region and made Israel, as a war machine, into a very profitable tool - has waned.

"The main reason for this turnaround is the change in the nature of the world accumulation of capital. This accumulation ... has turned toward `the emerging markets' throughout the peripheral world, which have been open to investments since the 1990s. The military conflicts in the Middle East - which in the 1970s and 1980s maintained the differential profit rate of the dominant capital groups - now appear to threaten the new process of accumulation, which is based on the expansion of sales and on increasing effective income in the new markets of the world" (page 386).

To put it more simply: That part of the American economy that profits, let's say, from the sale of electrical appliances to new millions of citizens of a "market open to imports" (thanks to the opening of the "gates" to the Indian market, the possibility of the opening of the Chinese and Indonesian markets, and so on), has grown stronger, and this can explain the victory of Bill Clinton over the elder George Bush. That part of the American economy that made money from dealing in oil and arms (Ronald Reagan and the elder Bush were its symbols) has lost the historical race. Into this context entered the arrangements required by the swift end to armed conflicts in favor of "open border" deals, inundated with products from the wealthy center.

Israel's historical `dynasties'

What do the two researchers do with the victory of the younger Bush, the quintessential representative of the war economy? "All the signs indicate that this era (arms and military technology deals) has come to an end." Indeed? It is a bit difficult to be optimistic, but the book offers a global explanation, without any of the messianic chanting of the Oslo experts, and in a way that no other description offers.

The region in which we live can no longer support the power centers of the American economy, unless it is run in a different way; that is, if it seeks to end the conflict and direct it onto new tracks. What are these new tracks? First and foremost, an "open economy" - that is: fewer taxes, fewer subsidies, lower wages, less welfare, less labor democracy, a uniform level of inflation and all this entails. Can this work? Judging by the latest events in Argentina, here, too, it is hard to predict. And the disabled people who are demonstrating in Jerusalem can also stick spikes in the spokes of the system. And what is the Bush-Sharon duo doing within this description?

The most spectacular, and sometimes funny, analyses are in the

chapters that describe the development of Israeli capital from the Mandatory period to the present. Why are these amusing? Because here Dr. Shimon Bichler's past as the economic editor of the defunct newspaper Hadashot comes into play. From there he has drawn his stylistic insouciance. There are pages and pages of description of the Israeli endogamy, an endogamy that characterizes modern capitalism just as it does "primitive" tribal regimes. "The most famous dynasty that has stood firmly at the center of the `new class' originated in the tribe made up of the Ruppin-Hacohen-Shertok families. David Hacohen, who was chairman of Solel Boneh, the dominant firm in the Histadrut labor federation sector during the Mandatory period, and Arthur Ruppin, the director of the Israel Land Development Corporation, the main investment company of the Jewish agency, are at the base of a many-branched network - the offspring of which are planted to this day at the top of the elite concerns, and especially those of the old regime" (page 161).

At this point, a colorful description of these branchings begins: David Hacohen's uncle was Shmuel Pevsner, one of the builders of Jewish Haifa, as was Hacohen's father. Both of them were timber merchants from southern Russia. When they came to Palestine, they became some of the biggest importers of building materials, cement and iron in the region. It is not surprising that Hacohen himself became the head of the huge Solel Boneh concern, which was already doing a huge business during the time of the British Mandate. Pevsner's wife was the daughter of Asher Ginzburg, better known as the Zionist writer Ahad Ha'am, who ran a huge tea company (Wissotzky), and so on.

Does the history of Israel need such a map? Or is it enough to enjoy the flamboyance of David Hacohen, the charms of the Golomb family, Hacohen's niece "Red Rosa," who became the mother of Yitzhak Rabin, and her granddaughter's marriage to a sweet man who is also a major industrialist and industrial lobbyist? Is it just gossip or has the time come for the history of Israel to be written through all the marvels of the cousins and the brothers-in-law and the nephews?

Now let us return to the example of the amiable president, the late Chaim Herzog, a wealthy lawyer, a large property owner, whose sons are well ensconced in politics, big money and the army. Why is the respectable cloak of "not mixing areas" preferable to the much stronger connections? From what does this "attitude of respect" derive? Why is a paltry bank account in Leah Rabin's name in Washington relevant to our political life, whereas the way that Israel's millionaires have always dined at the state tables as pleasant companions, or huge buyers, or convenient partners, is not relevant?

This attitude of respect derives from the separation between

"economics" and "society," between "society" and "state." The inability to understand the process called "globalization" as one that makes use of internal elements and not as something that has been brought in from outer space, but rather as something with a strong agency inside Israel, is linked to this separation.

Therefore, it is worth remembering the "Mount of Olives Sermon" in which president Herzog eulogized Robert Maxwell, the London crook and also a former Labor MP, who stole his employees' pension funds. How miserable is the set, if only we dare look at it without the colored cellophane over the spotlight. How much intellectual pleasure is promised the reader of the demystification.

All the important names in Israeli politics have been leading names in the arms trade, and/or land acquisition, and/or partnerships in industries, in the transfer of senior people from the Mossad intelligence service and the army to business concerns, in the establishment of companies, in the legislation of laws, in making intricate connections with international corporations, in transferring enormous assets from private (Palestinian) hands to the state, and from the state to multinational companies that have Jews, Israelis or former Israelis at their base (Bronfman from the whiskey is the sugar daddy of Peace Now, and there is also Yuli Ofer, and the Dankner family, and the Arison family and, of course, the Recanati, Carasso, Sachs families and a few more, though not very many).

I read the hundreds of pages of this book like a thriller, including the discussions of inflation and the question that is never asked on the business pages: Who ultimately gained from the rampant inflation of the 1980s? Only the bank directors who were intercepted by Beiski? After all, there was a huge amount of money here that was not burned, and if there were many losses, who were those who gained? There is a great deal of anger in this book and a great deal of humor. Reading economic literature is usually very boring. This book is fascinating. Marxists and socialists of all kinds, if they do not want to give answers from the day before yesterday to yesterday's questions, should definitely read it.